

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**Item #6  
ID #12055  
RESOLUTION E-4573  
May 9, 2013**

**R E S O L U T I O N**

Resolution E-4573. Southern California Edison Company (SCE) requests approval of a Service and Operations Contract with the City of Long Beach (City), executed September 20, 2012 (2012 Contract), for the continued provision of electrical service to the City's Harbor District. The 2012 Contract will replace the currently effective contract, which was executed on February 14, 1985 (1985 Contract).

**PROPOSED OUTCOME:** This Resolution approves the 2012 Contract between SCE and the City.

**SAFETY CONSIDERATIONS:** The 2012 Contract approved by this Resolution will not fundamentally alter the electrical service and operations SCE currently provides to the Long Beach Harbor District under the 1985 Contract. There are no incremental safety implications associated with approval of the 2012 Contract beyond the 1985 Contract.

**ESTIMATED COST:** None.

By Advice Letter (AL) 2788-E filed on October 4, 2012 and Advice Letter 2788-E-A filed on October 16, 2012.

---

**SUMMARY**

**Southern California Edison Company's (SCE) Service and Operations Contract with the City of Long Beach (City) is approved.**

On September 20, 2012 SCE executed a Service and Operations Contract (2012 Contract) with the City of Long Beach. The 2012 Contract supersedes the currently effective Service and Operations agreement, executed on February 14,

1985 (1985 Contract), and allows SCE to continue the provision of electric service to the City and other customers in the City's Harbor District.

SCE filed Advice Letter (AL) 2788-E on October 4, 2012 seeking CPUC approval of the 2012 Contract, as well as revisions to SCE's tariff schedule reflecting the addition of the 2012 Contract to its List of Contracts and Deviations.<sup>1</sup> This Resolution approves these requests.

## **BACKGROUND**

**SCE has had electric service agreements with the City since 1940.**

SCE has entered into agreements with the City to provide construction, operation, and maintenance of the electrical transmission and distribution system to and within the City's Harbor District dating back to 1940, as seen in Table 1.

**Table 1. History of Electric Service Agreements between SCE and the City**

<b>Agreement</b>	<b>Executed</b>	<b>Termination Date</b>
Ordinance No. HD-58	September 5, 1940	September 5, 1980
Ordinance No. HD-150	February 19, 1946	September 5, 1980
Agreement No. HD-3160	February 4, 1980	February 14, 1985
1985 Contract	February 14, 1985	September 20, 2012
2012 Contract	September 20, 2012	December 31, 2037

The 1985 Contract was set to expire on February 28, 2010, but had been extended for several six-month periods as negotiations between the City and SCE over a new, long-term agreement protracted over several years through 2011.

**SCE and the City have jointly requested CPUC approval of an Infrastructure and Rate proposal for maritime entities in the Port of Long Beach in conjunction with the 2012 Contract.**

---

<sup>1</sup> On October 16, 2012 SCE filed supplemental AL 2788-E-A, modifying the advice letter to indicate that a CPUC resolution is necessary to address the advice letter.

Besides negotiating the 2012 Contract, which allows SCE to conduct business at the City's Harbor District, including the Port of Long Beach (Port), SCE and the City entered into an Infrastructure and Rate (I&R) Agreement. SCE and the City jointly filed Application (A.)12-12-027 in December 2012 seeking CPUC approval of the I&R Agreement. SCE and the City state in A.12-12-027 that new electric distribution infrastructure is needed to serve growing load at the Port as shore-based electricity is substituted for on-board generation of berthed vessels. According to the application, the Port is facing competitive pressure from other ports, and CPUC approval of the I&R Agreement would enable the Port to remain competitive through providing electric distribution infrastructure and rates for maritime customers located in the City's Harbor District. CPUC approval of the I&R Agreement would also provide SCE with load growth and SCE's other customers with significant potential contribution to margin.

The I&R Agreement and the 2012 Contract were executed together as a bilateral agreement between SCE and the City. The bilateral agreement resolves issues raised by the Port in Phases I and II of SCE's 2012 general rate case, A.10-11-015, and A.11-06-007, respectively.<sup>2</sup>

**The 2012 Contract allows SCE to continue to provide electricity service to the City and its tenants, and to construct and maintain the transmission and distribution facilities necessary to provide such service.**

According to AL 2788-E, the purpose of the 2012 Contract is to allow SCE to continue to provide electricity service to the City and its tenants, and to construct and maintain the transmission and distribution facilities necessary to provide such service. The 2012 Contract applies to all the real property within or adjacent to the Long Beach Harbor District owned by the City except Pier H (Contract Area). The 2012 Contract includes provisions for:

1. SCE ownership of all facilities installed by or conveyed to SCE

---

<sup>2</sup> In A.10-11-015 the Port recommended changes to some of SCE's tariff rules addressing service facilities and line extensions, and the CPUC determined that the Port's proposed tariff changes were outside the scope of that proceeding (see D.12-11-051 Section 5.1). A.12-12-027 notes that the Port withdrew from A.11-06-007 after SCE and the Port entered into a bilateral agreement.

2. Responsibility for the cost of relocating SCE facilities, depending on facility age and the party requesting relocation
3. SCE's cost-free access to, and operation and maintenance of, City-owned Ducts and Structures used by SCE for purveyance of electrical service to customers in the Contract Area
4. Cooperation between SCE and City regarding: disclosure of SCE's Harbor District operations with the City; the design and construction of City projects that involve installation of SCE facilities; the City providing written notice of planned load increases exceeding 5 megavolt-amps to SCE; and development of procedures for the day-to-day implementation of the 2012 Contract
5. The I&R Agreement, incorporated by reference in the 2012 Contract, to jointly prepare, propose, and use best efforts to secure, through a separate application<sup>3</sup>, Commission approval for SCE to offer 66 kilovolt infrastructure and a discounted rate to certain customers in the Harbor District

**The 2012 Contract is fundamentally similar to the 1985 Contract.**

The 2012 is fundamentally similar to the 1985 Contract. There are some limited differences between the contracts as summarized below<sup>4</sup>:

1. The 2012 Contract expressly permits the City to retain ownership of, and to construct and own new, underground Ducts and Structures. SCE will continue to have access to and use existing facilities, and will have access to and may use any new facilities if they meet SCE's standards and the City grants SCE permission to use them.
2. The 2012 Contract does not require SCE to install underground Ducts and Structures, or make additions, modifications to, or remove City-owned Ducts and Structures.
3. The 2012 Contract expressly provides that SCE is not responsible for relocation costs for assets more than 10 years old arising from soil or water

---

<sup>3</sup> A.12-12-027

<sup>4</sup> From SCE's December 19, 2012 response to Energy Division's data request on AL 2788-E.

contamination not caused by SCE. If SCE caused the soil or water contamination, SCE is responsible for the relocation costs.

4. The 2012 Contract requires the City to pay an estimate of City-requested relocations of SCE facilities, which is subject to refund if the estimate is in excess of the actual, reasonable cost of the new facilities.
5. The 2012 Contract expressly contemplates certain obligations of the parties to facilitate the execution of City projects, and sets forth specific dispute resolution procedures.
6. The 2012 Contract obligates the parties to review other agreements between them, such as licenses and permits, and will include an Addendum to the 2012 Contract identifying those agreements.

## **NOTICE**

Notice of AL 2788-E and AL 2788-E-A was made by publication in the CPUC's Daily Calendar. In accordance with Section 4 of General Order (GO) 96-B, SCE served copies of this AL and supplement to the GO-96-B service list attached in AL 2788-E/-E-A.

## **PROTESTS**

Advice Letter 2788-E/-E-A was not protested.

## **DISCUSSION**

**AL 2788-E/-E-A became effective on October 4, 2012 pending disposition by CPUC resolution pursuant to General Order 96-B.**

General Rule 8.2.3 of General Order (G.O.) 96-B sets forth that energy utilities may provide service to a government agency for free, or at reduced rates and charges, or under terms and conditions otherwise deviating from their tariffs. That rule states that the utility may begin such service without prior CPUC approval, but requires the utility to promptly submit an advice letter to notify the CPUC of the utility's provision of such service. Energy Industry Rule 5.3(8) of G.O. 96-B allows the advice letter to become effective pending disposition, and specifies that the advice letter is appropriately filed as Tier 3, which is subject to approval by the CPUC.

In AL 2788-E/-E-A, SCE requests approval of a contract with the City for service in the City's Harbor District, which was executed on September 20, 2012. The advice letter as supplemented was appropriately filed as a Tier 3 advice letter, subject to approval by CPUC resolution. As provided for by G.O. 96-B, the advice letter became effective on the date filed, October 4, 2012, pending CPUC disposition which is set forth in this Resolution.<sup>5</sup>

**The 2012 Contract extends prior agreements between SCE and the City and should be approved.**

The City and SCE have entered into agreements regarding SCE's construction, operation, and maintenance of the electrical service system to and within the Harbor District for over 70 years. As shown in Table 1 above, the first two service agreements between the City and SCE were contained within City Ordinances. The 1985 Contract was the first agreement to deviate from this forum and take shape in a Services and Operations contract. Because the 2012 Contract is the latest iteration of this continually-renewed, 70-year agreement, does not contain any fundamental differences from the 1985 Contract, and as AL 2788-E/E-A was filed in accordance with GO 96-B, the 2012 Contract should be approved.

**Approval of the 2012 Contract does not pre-judge the outcome of A.12-12-027.**

Approval of the 2012 Contract granted in this Resolution does not pre-judge the CPUC's determination in A.12-12-027 on whether to approve the pending I&R Agreement, which addresses infrastructure and rates for SCE customers in the City's Harbor District.

**COMMENTS**

Public Utilities Code Section 311(g)(1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the CPUC. Accordingly, the Draft Resolution was served on SCE, the

---

<sup>5</sup> AL 2788-E was filed on October 4, 2012 and was supplemented by AL 2788-E-A on October 16, 2012. The filing of the supplement does not delay the effective date of the advice letter (see General Rule 7.5.1 of G.O. 96-B).

City, and the CPUC's Division of Ratepayer Advocates and issued for public review and comment no later than 30 days prior to a vote of the CPUC.

Comments were submitted independently by SCE and the City on April 29, 2013. SCE and the City both support the Draft Resolution's approval by the CPUC.

## **FINDINGS AND CONCLUSIONS**

1. SCE filed AL 2788-E on October 4, 2012 requesting approval of a Services and Operations Contract, executed September 20, 2012, between SCE and the City of Long Beach that permits SCE to provide electrical service to the City's Harbor District.
2. In AL 2788-E, SCE also requests revisions to its tariff schedule that reflect the inclusion of the 2012 Contract on its List of Contracts and Deviations.
3. SCE filed supplemental AL 2788-E-A on October 16, 2012 to amend AL 2788-E to indicate that a CPUC resolution is necessary to address the AL.
4. SCE has entered into agreements with the City regarding SCE's provision of electric service to the City's Harbor District dating back to 1940.
5. The 2012 Contract does not differ substantially from the previously effective Services and Operations Contract, executed February 14, 1985.
6. The Infrastructure and Rate Agreement between SCE and the City, which details various proposals regarding 66 kilovolt distribution infrastructure and discounted electricity rates for Port customers, was executed together with the 2012 Contract as part of a bilateral agreement between SCE and the City, and was filed for Commission review in A.12-12-027 on December 28, 2012.
7. General Rule 8.2.3 of G.O. 96-B allows SCE to provide service to a government agency for free, or at reduced rates and charges, or under terms and conditions otherwise deviating from SCE's tariffs.
8. As provided for by Energy Industry Rule 5.3(8) of G.O. 96-B, AL 2788-E/-E-A became effective on the date filed, October 4, 2012, pending CPUC disposition which is set forth in this Resolution.

9. Approval of the 2012 Contract would not pre-judge the CPUC's review in A.12-12-027 of the Infrastructure and Rate Agreement between SCE and the City.
10. AL 2788-E/-E-A should be approved.

**THEREFORE IT IS ORDERED THAT:**

1. The request of Southern California Edison Company for CPUC approval of the Service and Operations Contract with the City of Long Beach executed on September 20, 2012 and to allow modifications to SCE's List of Contracts and Deviations, as filed in Advice Letter 2788-E/-E-A, is granted.
2. SCE's AL 2788-E as supplemented by AL 2788-E-A is effective October 4, 2012.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on May 9, 2013; the following Commissioners voting favorably thereon:

\_\_\_\_\_  
PAUL CLANON  
Executive Director